Louisiana Public Service Commission



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POST OFFICE BOX 91154 BATON ROUGE, LOUISIANA 70821-9154

www.lpsclouisiana.gov

Telephone: 225-342-9888

BRANDON M. FREY Executive Secretary Executive Counsel

JOHNNY E. SNELLGROVE, JR Deputy Undersecretary

018

October 12, 2018

<u>VIA HAND DELIVERY</u>

Ms. Terri Bordelon Louisiana Public Service Commission Records and Recordings 602 N. Fifth Street Galvez Building, 12th Floor Baton Rouge, LA 70802

Re:

Docket No. U-34966 Entergy Louisiana, LLC, Cleco Power LLC and

Southwestern Electric Power Company

Dear Ms. Bordelon:

Enclosed please find the Public Version of an *Unopposed Joint Motion for Acceptance into the Record of Proposed Uncontested Stipulated Settlement in Support of Application*. The Confidential Version is being filed under seal.

If you have any questions regarding this matter, please do not hesitate to contact me.

Sincerely,

Melissa Watson

Deputy General Counsel

MW/kst Encl.

cc:

Service List

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IN RE: JOINT APPLICATION OF)	
ENTERGY LOUISIANA, LLC,)	
CLECO POWER LLC, AND)	
SOUTHWESTERN ELECTRIC POWER)	DOCKET NO. II 24066
COMPANY FOR APPROVAL OF)	DOCKET NO. U-34966
TOLEDO BEND)	
HYDROELECTRIC POWER SALES)	
AGREEMENT)	

UNOPPOSED JOINT MOTION FOR ACCEPTANCE INTO THE RECORD OF PROPOSED UNCONTESTED STIPULATED SETTLEMENT IN SUPPORT OF APPLICATION

NOW COMES Entergy Louisiana, LLC ("ELL" or the "Company"); Cleco Power LLC ("CLECO"); Southwestern Electric Power Company ("SWEPCO") (collectively, the "Applicants") and Louisiana Public Service Commission ("LPSC" or "Commission") Staff ("Staff"), through undersigned counsel, who respectfully request that the Hearing Examiner, Chief Administrative Law Judge Melanie Verzwyvelt, accept the Uncontested Stipulated Settlement Term Sheet ("Stipulation"), with supporting documentation as set forth below, into the record of this proceeding and submit same to the Commission for consideration at its October 26, 2018 Business and Executive Session ("B&E"). This filing is being made pursuant to the *Ruling on Joint Prehearing Statement and Unopposed Motion to Revise Procedural Schedule* issued October 8, 2018. In support of this motion, Staff and Applicants submit as follows:

I.

This Commission, having been made aware that the Applicants had entered into the Proposed Power Sales Agreement ("PSA") with the Sabine River Authority of Louisiana and the Sabine River Authority of Texas (collectively, the "Authorities") to replace the previous agreement

which expired April 30, 2018, issued a directive at the August 1, 2018 B&E, directing the Applicants to submit a request on or before August 7, 2018 with all supporting documentation seeking Commission approval of the PSA. The Commission also directed Staff to use best efforts to facilitate an expedited proceeding, outside of the Administrative Hearings Division process, and present the record and evidence to the Commission for a decision at the October 26, 2018 B&E.

Π.

On August 7, 2018, Applicants filed their *Joint Application for Approval of Toledo Bend Hydroelectric Power Sales Agreement* and accompanying Direct Testimony and Exhibits ("Joint Application"), pursuant to and in accordance with LPSC General Order dated September 20, 1983 (the "1983 General Order"). The Joint Application was published in the Commission's Official Bulletin No. 1173, dated August 10, 2018. Interventions were filed by the Louisiana Energy Users Group ("LEUG"), Marathon Petroleum Company ("Marathon"), and Packaging Corporation of America ("PCA").

III.

After conducting discovery regarding the Proposed PSA, LPSC Staff and other Parties to this proceeding filed position statements on September 28, 2018 noting that they do not oppose the Applicants' request, with LEUG and PCA each indicating that its non-opposition to the PSA is limited to the facts and circumstances presented in the PSA. Marathon is the only party to this proceeding that did not file a statement of position. However, Marathon has authorized the

LPSC General Order dated September 20, 1983 (In re: In the Matter of the Expansion of Utility Power Plant; Proposed Certification of New Plant by the LPSC), as amended by General Order (Corrected) in Docket No. R-30517 (In re: Possible modifications to the September 20, 1983 General Order to allow (1) for more expeditious certifications of limited-term resource procurements and (2) an exception for annual and seasonal liquidated damages block energy purchases) dated May 27, 2009.

Applicants to state that it supports the Commission's approval of the Proposed PSA. Therefore, no Party opposes the Applicants' request.

IV.

On October 5, 2018, Staff and the Applicants filed a *Joint Prehearing Statement and Unopposed Motion to Revise Procedural Schedule*, which included a revised schedule allowing for a paper proceeding in lieu of an in-person hearing, in order to comply with the Commission's August 1, 2018 directive. Judge Verzwyvelt acting as Hearing Examiner issued a *Ruling on Joint Prehearing Statement and Unopposed Motion to Revise Procedural Schedule* on October 8, 2018, granting the motion and revising the procedural schedule to facilitate the presentation of the record and evidence to the Commission for a decision at the October 26, 2018 B&E.

V.

Following additional meetings and discussions regarding Staff's proposed conditions, the Parties subsequently executed the Stipulation, effective October 12, 2018.

VI.

The Applicants and Staff present as the record in support of the Application in this matter the following exhibits that have been stipulated to by all parties to this proceeding:

Joint Application for Approval of Toledo Bend Hydroelectric Power Sales Agreement (Public	Applicants' Exhibit 1, in globo
Version)	
Joint Application for Approval of Toledo Bend	Applicants' Exhibit 2, in globo
Hydroelectric Power Sales Agreement	
(Confidential Version)	
Unopposed Joint Motion for	Applicants' and Staff Joint Exhibit 1
Acceptance into the Record of Proposed	
Uncontested Stipulated Settlement in Support	
of Application	
Uncontested Stipulated Settlement Term Sheet	Applicants' and Staff Joint Exhibit 2

Applicants' Stipulation	Affidavits	in			Applicants' Exhibit 3, in globo
Position State and PCA	ements on be	half (of Staff, LE	UG	Applicants' and Staff Joint Exhibit 3

WHEREFORE, Entergy Louisiana, LLC, Cleco Power LLC, Southwestern Electric Power Company and Louisiana Public Service Commission Staff, respectfully request that the Hearing Examiner accept the stipulated exhibits listed above as the record in support of the Application in this matter and submit that record to the Commission for consideration at its October 26, 2018 Business and Executive Session, pursuant to the Ruling on Joint Prehearing Statement and Unopposed Motion to Revise Procedural Schedule issued October 8, 2018.

Respectfully submitted,

Lawrence J. Hand. Jr. La. Bar No. 23770

Michael J. Plaisance, La. Bar No. 31288

639 Loyola Avenue Mail Unit L-ENT-26E

New Orleans, Louisiana 70113

Telephone: (504) 576-4122 Facsimile: (504) 576-5579

lhand@entergy.com mplaisa@entergy.com

Counsel for Applicant Entergy Louisiana, LLC

Daniel T. Pancamo, La. Bar No. 19726

Phelps Dunbar, L.L.P.

365 Canal Street, Suite 2000 New Orleans, Louisiana 70130

Telephone: (504) 584-9265

Dan.pancamo@phelps.com

Counsel for Applicant Cleco Power LLC

Bobby S. Gilliam, La. Bar No. 6227

Jonathan P. McCartney, La. Bar No. 31508

Patrick T. Wiggins, La. Bar No. 36727

WILKINSON, CARMODY & GILLIAM

400 Travis Street, Suite 1700

Shreveport, Louisiana 71101

Telephone: (318) 221-4196

Fax: (318) 221-3705

melissa.watson@la.gov

bgilliam@wcglawfirm.com jmccartney@wcglawfirm.com

Counsel for Applicant Southwestern Electric Power Company

Melissa Watson (Bar Roll No. 28261)
Deputy General Counsel
Louisiana Public Service Commission
P.O. Box 91154
Baton Rouge, Louisiana 70821-9154
602 North Fifth Street, Galvez Bldg., 12th Fl.
Baton Rouge, Louisiana 70802
Ph. (225) 342-9888

Counsel for Louisiana Public Service Commission

Bobby S. Gilliam, La. Bar No. 6227

Jonathan P. McCartney, La. Bar No. 31508

Patrick T. Wiggins, La. Bar No. 36727

WILKINSON, CARMODY & GILLIAM

400 Travis Street, Suite 1700

Shreveport, Louisiana 71101

Telephone: (318) 221-4196

Fax: (318) 221-3705

<u>bgilliam@wcglawfirm.com</u> jmccartney@wcglawfirm.com

Counsel for Applicant Southwestern Electric Power Company

Melissa Watson (Bar Roll No. 28261)

Deputy General Counsel

Louisiana Public Service Commission

P.O. Box 91154

Baton Rouge, Louisiana 70821-9154

602 North Fifth Street, Galvez Bldg., 12th Fl.

Baton Rouge, Louisiana 70802

Ph. (225) 342-9888

melissa.watson@la.gov

Counsel for Louisiana Public Service Commission

CERTIFICATE OF SERVICE

I hereby certify that a co	py of the	abov	e and for	egoing has	been	served	upon all j	part	ies of rec	cord
by email, fax, or United										
2018.	1		1-	N	1/					

MELISSA WATSON

LOUISIANA PUBLIC SERVICE COMMISSION

IN RE: JOINT APPLICATION OF)	
ENTERGY LOUISIANA, LLC,)	
CLECO POWER LLC, AND)	
SOUTHWESTERN ELECTRIC)	DOCKET NO. U-34966
POWER COMPANY FOR)	DOCKET NO. 0-34900
APPROVAL OF TOLEDO BEND)	
HYDROELECTRIC POWER)	
SALES AGREEMENT	.)	

APPLICANTS' EXHIBIT 1 (in globo)



Applicants'
Exhibit 1 in globo
October 2018
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Entergy Services, Inc. 639 Loyola Avenue (70113) P.O. Box 61000 New Orleans, LA 70161-1000 Tel 504 576 4122

Tel 504 576 4122 Fax 504 576 5579

Michael J. Plaisance Senior Counsel Legal Services - Regulatory

August 7, 2018

By Hand Delivery

Brandon Frey, Secretary Louisiana Public Service Commission Galvez Building, 12th Floor 602 North 5th Street Baton Rouge, LA 70802

Re: In Re: Joint Application of Entergy Louisiana, LLC, Cleco Power LLC, and Southwestern Electric Power Company for Approval of Toledo Bend Hydroelectric Power Sales Agreement LPSC Docket No. U-

Dear Mr. Frey:

In response to the Commission's directive at the August 1, 2018 Business and Executive Meeting, I have enclosed the original and three copies of a Joint Application for Approval of Toledo Bend Hydroelectric Power Sales Agreement, which is being filed jointly on behalf of Entergy Louisiana, LLC ("ELL"); Cleco Power LLC ("CLECO") and Southwestern Electric Power Company ("SWEPCO") (collectively, the "Applicants"). In so directing, the Commission acknowledged that this Joint Application is to be considered outside of the Administrative Hearings Division process. Accordingly, the Applicants request that the Commission exercise its original jurisdiction over this matter without the typical delays of the Administrative Hearings process by expediting its review of the Joint Application so that the Commission can consider this Joint Application at its October 2018 B&E. The Applicants also request a shortened intervention period of no more than 10 days.

This Joint Application is supported by the non-confidential affidavits of Paul J. Girard, III, J. Robert Cleghorn, and Thomas Brice, on behalf of ELL, CLECO, and SWEPCO, respectively. Please retain the original and two copies for your files and return a date-stamped copy to our by-hand courier.

Also enclosed are five copies of the Confidential Version of the referenced filing, which is being provided to you under seal pursuant to the provisions of the LPSC General Order dated August 31, 1992, and Rules 12.1 and 26 of the Commission's Rules of Practice and Procedure. The confidential materials included in the filing consist of competitively sensitive cost and market information, the disclosure of which may create an artificial target for suppliers in an otherwise competitive wholesale market and includes financial projections that are required to be

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Mr. Brandon Frey August 7, 2018 Page 2

provided on a confidential basis. For this reason, this material is confidential and commercially sensitive. The public disclosure of the information contained herein would subject not only the Applicants, but also their customers, to a substantial risk of harm. Accordingly, it is critical that this information remain confidential.

Please retain the original Confidential Version for your files and return a date-stamped copy to our by-hand courier. Additional copies of the Confidential Version of this filing will be provided to the appropriate representatives of the Louisiana Public Service Commission Staff and made available to intervenors once a suitable Confidentiality Agreement has been executed by the parties.

If you have any questions, please do not hesitate to call me. Thank you for your courtesy and assistance with this matter.

With best regards,

Michael J. Plaisance

Enclosures

cc: All Commissioners (public version only)

Melissa Watson, Esq.
J. Robert Cleghorn
Dan Pancamo
Emile Cordaro
Bobby S. Gilliam

Jonathan P. McCartney

Applicants' Exhibit 1 in globo October 2018 Page 3 of 23

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

IN RE: JOINT APPLICATION OF)		
ENTERGY LOUISIANA, LLC,)		
CLECO POWER LLC, AND)		
SOUTHWESTERN ELECTRIC POWER)	DOCKET NO II	
COMPANY FOR APPROVAL OF)	DOCKET NO. U	_
TOLEDO BEND)		
HYDROELECTRIC POWER SALES)		
AGREEMENT)		

JOINT APPLICATION OF ENTERGY LOUISIANA, LLC, CLECO POWER LLC, AND SOUTHWESTERN ELECTRIC POWER COMPANY FOR APPROVAL OF TOLEDO BEND HYDROELECTRIC POWER SALES AGREEMENT

Entergy Louisiana, LLC ("ELL"); Cleco Power LLC ("CLECO"); and Southwestern Electric Power Company ("SWEPCO") (collectively, the "Applicants") respectfully submit this Joint Application seeking approval of the proposed power sales agreement (the "Proposed PSA") entered into by the Sabine River Authority of Louisiana and the Sabine River Authority of Texas (collectively, the "Authorities") and the Applicants. This Joint Application, filed in accordance with the General Order of the Louisiana Public Service Commission ("LPSC" or the "Commission") dated September 20, 1983 (the "1983 General Order"), requests certification that the Applicants' purchase of energy from the Toledo Bend hydroelectric facility on the terms set forth in the Proposed PSA serves the public convenience and necessity. In addition to certification under the 1983 General Order, but solely in an abundance of caution, the Applicants also request a finding that the public interest supports granting an exemption from compliance

A copy of the Proposed PSA is attached as Exhibit 1 and is designated as Highly Sensitive Protected Material ("HSPM").

² LPSC General Order dated September 20, 1983 (In re: In the Matter of the Expansion of Utility Power Plant; Proposed Certification of New Plant by the LPSC), as amended by General Order (Corrected) in Docket No. R-30517 (In re: Possible modifications to the September 20, 1983 General Order to allow (1) for more expeditious certifications of limited-term resource procurements and (2) an exception for annual and seasonal liquidated damages block energy purchases) dated May 27, 2009.

with the requirements of the Commission's Market-Based Mechanisms General Order (the "MBM Order") or, alternatively, accepting an alternative market test for the Proposed PSA.³ Although the total capacity under the Proposed PSA exceeds the 50 MW capacity threshold specified in the MBM Order (see ordering paragraph 2(a)), the amount of capacity allocated to each Applicant under the Proposed PSA in each case is less than the 50 MW threshold, and, accordingly, the MBM Order is arguably inapplicable. Finally, the Applicants request that the Joint Application be considered on an expedited basis.

BACKGROUND

This matter concerns the Toledo Bend Project, which was constructed by the Authorities primarily for the purposes of water supply, hydroelectric power generation, and recreation. The project provides hydroelectric generation to meet part of Louisiana's power requirements, resource diversity, and energy needs, and it also provides employment and recreation opportunities.

In February 1964, the Authorities entered into a 50-year agreement (running from May 1, 1968) with Gulf States Utility Company, Central Louisiana Electric Company, Inc., and Louisiana Power and Light Company (predecessors of the Applicants ELL and CLECO) for the sale of power generated by the Toledo Bend hydroelectric facility located on the Sabine River (the "Expired PSA"). On April 27, 2015, notice was provided to the Authorities that the other parties to the agreement did not wish for it to be automatically renewed under then-current terms, and the agreement expired on April 30, 2018.

³ General Order, Docket No. R-26172 Subdocket A, In re: Development of Market-Based Mechanisms to Evaluate Proposals to Construct or Acquire Generating Capacity to Meeting Native Load, Supplements the September 20, 1983 General Order, dated February 16, 2004 (as amended by General Order, Docket No. R-26172 Subdocket B, dated November 3, 2006, and further amended by the April 26, 2007 General Order, and the amendments approved by the Commission at its October 15, 2008 Business & Executive Meeting and now in recently issued General Order, Docket No. R-26172, Subdocket C dated October 29, 2008).

Applicants'
Exhibit 1 in globo
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Before the agreement expired, the Authorities approached the Applicants and ultimately

proposed and negotiated the Proposed PSA. Although not a party to the Expired PSA, SWEPCO

was contacted and asked to participate in the Proposed PSA for the benefit of residents in the

region. Under the Proposed PSA, which expires on May 31, 2023, the Applicants agree to

purchase 80 megawatts of must-take, unit-contingent energy from the Toledo Bend hydroelectric

facility, along with as-available capacity, capacity-related benefits, and environmental attributes.

ELL's portion of the unit capacity and energy is 54%, with CLECO and SWEPCO each taking

23%.

In support of this Joint Application, the Applicants submit the Testimony by Affidavit of

Paul J. Girard, III (Exhibit 3); the Affidavit of J. Robert Cleghorn (Exhibit 4); and the Affidavit

of Thomas Brice (Exhibit 5).

COMPLIANCE WITH THE COMMISSION'S GENERAL ORDERS

The Proposed PSA is in the public interest because it would provide access to a diverse.

renewable energy source on terms that are favorable to customers. Most notably, the terms of

the Expired PSA have been changed such that the participating utilities are no longer obligated to

operate and maintain the facility or bear the costs of such operation and maintenance. Based on

this change and other key changes, the Proposed PSA will result in cost savings as compared to

the Expired PSA.4

Additionally, although the Proposed PSA was not selected through a formal RFP process,

it provides access to a renewable hydroelectric resource at a price that is expected to result in a

lower dollar-per-megawatt-hour cost than a hydroelectric resource proposal that was submitted

in the 2016 ELL Renewables Request for Proposals. Accordingly, the Applicants do not believe

A table explaining the key differences between the Expired PSA and the Proposed PSA is attached as Exhibit 2

and is designated as HSPM.

3

Applicants' Exhibit 1 in globo October 2018 Page 6 of 23

that a formal RFP process to further market-test the Proposed PSA is necessary for the Commission to determine that the Proposed PSA is consistent with the objective of providing access to diversified renewable energy sources at a reasonable cost. Further, as noted above, the MBM Order is arguably inapplicable because each Applicant's capacity allocation under the Proposed PSA is less than the 50 MW threshold specified in the MBM Order.

REQUEST FOR EXPEDITED TREATMENT

At the August 1, 2018 Business and Executive Meeting ("B&E"), the Commission directed the Applicants to submit a request for its consideration of the Proposed PSA no later than August 7, 2018, so that Commission Staff can use best efforts to facilitate an expedited proceeding and present the record and evidence at the October 2018 B&E. In so directing, the Commission acknowledged that the Proposed PSA is to be considered outside of the Administrative Hearings Division process. Accordingly, the Applicants request that the Commission exercise its original jurisdiction over this matter without the typical delays of the Administrative Hearings process by expediting its review of the Proposed PSA so that the Commission can consider this Joint Application at its October 2018 B&E. The Applicants also request a shortened intervention period of no more than 10 days.

Applicants'
Exhibit 1 in globo
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SERVICE OF NOTICES AND PLEADINGS

The Applicants request that notices, correspondence, and other communications concerning this Application be directed to the following persons:

ELL

Mark D. Kleehammer 4809 Jefferson Highway Mail Unit L-JEF-357 Jefferson, Louisiana 70121 Telephone: (504) 840-2528 Facsimile: (504) 840-2681

mkleeha@entergy.com

CLECO

J. Robert Cleghorn 2030 Donahue Ferry Road Pinesville, Louisiana 71360 Telephone: (318) 484-7637 Robert.cleghorn@cleco.com

SWEPCO

Emile Cordaro Regulatory Consultant 428 Travis St. Shreveport, Louisiana 71101 ebcordaro@aep.com

ELL

Lawrence J. Hand, Jr.
Michael J. Plaisance
639 Loyola Avenue
Mail Unit L-ENT-26E
New Orleans, Louisiana 70113
Telephone: (504) 576-4122
Facsimile: (504) 576-5579
lhand@entergy.com
mplaisa@entergy.com

CLECO

Daniel T. Pancamo Phelps Dunbar, L.L.P. 365 Canal Street, Suite 2000 New Orleans, Louisiana 70130 Telephone: (504) 584-9265 Dan.pancamo@phelps.com

SWEPCO

Bobby S. Gilliam
Jonathan P. McCartney
Wilkinson Carmody & Gilliam
400 Travis St., Suite 1700
Shreveport, Louisiana 71101
Telephone: (318) 221-4196
Fax: (318) 221-3705
bgilliam@wcglawfirm.com
jmccartney@wcglawfirm.com

The Applicants request that the foregoing persons be placed on the Official Service List for this proceeding and respectfully request that the Commission permit the designation of more than one person to be placed on the Official Service List for service in this proceeding.

REQUEST FOR CONFIDENTIAL TREATMENT

Exhibits 1 and 2 supporting this Joint Application contain information considered by the Applicants to be confidential and commercially sensitive and have been designated HSPM. Such confidential materials consist of competitively sensitive market information, the disclosure of which may create an artificial target for suppliers in an otherwise competitive wholesale market. The disclosure of such information to suppliers to the Applicants would subject not only the Applicants, but also their customers, to a substantial risk of harm. Accordingly, it is critical that this information remain confidential. Although the confidential and sensitive information and documents included with the Joint Application may be reviewed by appropriate representatives of the Commission Staff and intervenors pursuant to the terms and conditions of a suitable confidentiality agreement once such an agreement has been executed in this docket, this confidential information is being provided pursuant to the Commission's General Order dated August 31, 1992, and Rules 12.1 and 26 of the Rules of Practice and Procedure of the LPSC, which exempts information from public disclosure.

PRAYER FOR RELIEF

WHEREFORE, Entergy Louisiana, LLC; Cleco Power LLC; and Southwestern Electric Power Company respectfully request that the Commission, subject to the fullest extent of its jurisdiction, grant relief and give its approval as follows:

- 1. Find that the Proposed PSA serves the public convenience and necessity and is in the public interest, and is therefore prudent, in accordance with the Commission's 1983 General Order;
- 2. Find that the MBM Order does not apply to the Proposed PSA, as no jurisdictional utility would be taking more than 50 MW of capacity from the Toledo Bend hydroelectric facility or, in the alternative, (a) grant an exemption from compliance with the RFP process set forth in the MBM Order, or (b) accept the 2016 ELL Renewables Request for Proposals as an alternative market test for the Proposed PSA;

Applicants'
Exhibit 1 in globo
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- 3. Declare that (a) all costs for ELL and CLECO associated with the Proposed PSA will continue to be recovered through the same mechanism as those similar costs were incurred under the Expired PSA; (b) SWEPCO is authorized to recover all costs incurred pursuant to the Proposed PSA through its Fuel Adjustment Clause, and all such costs be recovered from SWEPCO Louisiana jurisdictional customers; and (c) Applicants will make any adjustments necessary to remove from rates costs no longer incurred under the Proposed PSA;
- 4. Rule that, with respect to the Proposed PSA described in the Joint Application, the Applicants have complied with, or are not in conflict with, the provisions of all applicable LPSC Orders;
- 5. Find that the confidential testimony, exhibits, and other materials referenced in the Joint Application shall be exempt from public disclosure pursuant to the Commission's General Order dated August 31, 1992, and Rules 12.1 and 26 of the Rules of Practice and Procedure of the LPSC;
- 6. Direct that the period for interventions be shortened to no more than 10 days and that the Joint Application be considered at the Commission's October 2018 Business and Executive Meeting;
- 7. Direct that notice of all matters in these proceeding be sent to Mark Kleehammer, Lawrence Hand, Jr., Michael Plaisance, J. Robert Cleghorn, Daniel T. Pancamo, Emile Cordaro, Bobby Gilliam, and Jonathan McCartney, as representatives of the Applicants; and
- 8. Order such other general and equitable relief as to which the Applicants may show themselves to be entitled.

Respectfully submitted,

Lawrence J. Hand, Jr., La. Bar No. 23770

Michael J. Plaisance, La. Bar No. 31288

639 Loyola Avenue

Mail Unit L-ENT-26E

New Orleans, Louisiana 70113

Telephone: (504) 576-4122 Facsimile: (504) 576-5579

<u>lhand@entergy.com</u> mplaisa@entergy.com

Counsel for Applicant Entergy Louisiana, LLC

Daniel T. Pancamo, La. Bar No. 19726

Daniel 7. Pancamo

Phelps Dunbar, L.L.P.

365 Canal Street, Suite 2000 New Orleans, Louisiana 70130

Telephone: (504) 584-9265 Dan.pancamo@phelps.com

Counsel for Applicant Cleco Power LLC

Bobby S. Gilliam, La. Bar No. 6227

Jonathan P. McCartney, La. Bar No. 31508

Patrick T. Wiggins, La. Bar No. 36727

WILKINSON, CARMODY & GILLIAM

400 Travis Street, Suite 1700

Shreveport, Louisiana 71101

Telephone: (318) 221-4196

Fax: (318) 221-3705

bgilliam@wcglawfirm.com

jmccartney@wcglawfirm.com

Counsel for Applicant SOUTHWESTERN ELECTRIC POWER COMPANY

Applicants' Exhibit 1 in globo October 2018 Page 11 of 23

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

IN RE: JOINT APPLICATION OF)		
ENTERGY LOUISIANA, LLC,)		
CLECO POWER LLC, AND)		
SOUTHWESTERN ELECTRIC)	DOCKET NO. U	
POWER COMPANY FOR)		
APPROVAL OF TOLEDO BEND)		
HYDROELECTRIC POWER	.)		
SALES AGREEMENT)		

EXHIBIT 1

HIGHLY SENSITIVE PROTECTED MATERIALS FILED UNDER SEAL

INTENTIONALLY OMITTED

Applicants'
Exhibit 1 in globo
October 2018
Page 12 of 23

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

IN RE: JOINT APPLICATION OF)		
ENTERGY LOUISIANA, LLC,)		
CLECO POWER LLC, AND)		
SOUTHWESTERN ELECTRIC)	DOCKET NO. U	
POWER COMPANY FOR)		
APPROVAL OF TOLEDO BEND)		
HYDROELECTRIC POWER)		
SALES AGREEMENT)		

EXHIBIT 2

HIGHLY SENSITIVE PROTECTED MATERIALS FILED UNDER SEAL

INTENTIONALLY OMITTED

Applicants' Exhibit 1 in globo October 2018 Page 13 of 23

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

IN RE: JOINT APPLICATION OF)		
ENTERGY LOUISIANA, LLC,)		
CLECO POWER LLC, AND)		
SOUTHWESTERN ELECTRIC)	DOCKET NO. U	
POWER COMPANY FOR)		
APPROVAL OF TOLEDO BEND)		
HYDROELECTRIC POWER)		
SALES AGREEMENT)		

EXHIBIT 3

TESTIMONY AFFIDAVIT BY PAUL J. GIRARD, III

TESTIMONY BY AFFIDAVIT OF PAUL J. GIRARD, III

STATE OF LOUISIANA

PARISH OF JEFFERSON

NOW BEFORE ME, the undersigned authority, personally came and appeared Paul J. Girard, III, who after being duly sworn by me, did depose and say:

- 1. I am a person of the full age of majority and competent to make this affidavit.
- 2. I am employed by Entergy Louisiana, LLC ("ELL"), as the Director of Resource Planning and Market Operations. My responsibilities include overseeing ELL's resource and transmission planning, as well as its planning for Midcontinent Independent System Operator, Inc. ("MISO") market operations. In my role as Director of Resource Planning and Market Operations, I also serve as the Chairman of the ELL Operating Committee, which is responsible for making recommendations on transmission, generation, resource planning, and operations strategies to ELL's President and Chief Executive Officer. I also provide guidance to the President and Chief Executive Officer on recommended assumptions, planning methods, operating procedures, and approval policies to assist in determining the projects and priorities for ELL's construction budget and business plan. More specifically, I was involved in the negotiation of the proposed power sales agreement discussed below.
- 3. In February 1964, the Sabine River Authority of Louisiana and the Sabine River Authority of Texas (collectively, the "Authorities") entered into a 50-year agreement (running from May 1, 1968) with Gulf States Utility Company, Central Louisiana Electric Company, Inc., and Louisiana Power and Light Company for the sale of power generated by the Toledo Bend hydroelectric facility located on the Sabine River. On April 27, 2015, notice was provided to the

Authorities that the other parties to the agreement did not wish for it to be automatically renewed, and the agreement expired on April 30, 2018.

- 4. Before the agreement expired, the Authorities approached ELL and ultimately proposed and negotiated a new power sales agreement ("PSA"). This proposed PSA is between the Authorities and ELL, Cleco Power LLC ("CLECO"), and Southwestern Electric Power Company ("SWEPCO") (collectively, the "Companies"). Under the proposed PSA, which expires on May 31, 2023, the Companies agree to purchase 80 megawatts of must-take, unit-contingent energy from the Toledo Bend hydroelectric facility, along with as-available capacity, capacity-related benefits, and environmental attributes. ELL's portion of the unit capacity and energy is 54%, with CLECO and SWEPCO each taking 23%.
- 5. The proposed PSA would ensure ELL's continued access to a diverse, renewable energy source on terms that are favorable to ELL and its customers. Most notably, the terms of the expired PSA have been changed such that the participating utilities are no longer obligated to operate and maintain the facility or bear the costs of such operation and maintenance. Based on this change and other key changes, the proposed PSA will result in cost savings as compared to the expired PSA.
- 6. Additionally, the proposed PSA provides access to a renewable hydroelectric resource at a price that is expected to result in a lower dollar-per-megawatt-hour cost than a hydroelectric resource proposal that was submitted in the 2016 ELL Renewables Request for Proposals. Because ELL has this data point, I do not believe that it would be in the public interest or in the interest of ELL's customers to require a formal RFP before approving the proposed PSA.

7. To provide certainty on cost recovery, which is important to ELL and its customers, the Companies are requesting in their Joint Application that the Commission declare that all costs associated with the proposed PSA will continue to be recovered through the same mechanism as those similar costs were incurred under the expired PSA, and that the Companies will make any adjustments necessary to remove from rates costs no longer incurred under the proposed PSA.

Paul J. Girard, Y.

SWORN TO AND SUBSCRIBED BEFORE ME THIS 6th DAY OF AUGUST, 2018

NOTARY PUBLIC

My commission expires: at death



Applicants'
Exhibit 1 in globo
October 2018
Page 17 of 23

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

IN RE: JOINT APPLICATION OF)		
ENTERGY LOUISIANA, LLC,)		
CLECO POWER LLC, AND)		
SOUTHWESTERN ELECTRIC)	DOCKET NO. U	
POWER COMPANY FOR)		
APPROVAL OF TOLEDO BEND)		
HYDROELECTRIC POWER)		
SALES AGREEMENT)		

EXHIBIT 4

TESTIMONY AFFIDAVIT BY J. ROBERT CLEGHORN

TESTIMONY BY AFFIDAVIT OF J. ROBERT CLEGHORN

STATE OF LOUISIANA

PARISH OF RAPIDES

NOW BEFORE ME, the undersigned authority, personally came and appeared **J. Robert**Cleghorn, who after being duly sworn by me, did depose and say:

- 1. I am a person of the full age of majority and competent to make this affidavit.
- 2. I am employed by Cleco Power LLC ("Cleco Power"). I am primarily responsible for developing the electric rates applicable throughout Cleco Power's service area and ensuring that the electric rates applicable throughout Cleco Power's service area are developed and implemented on a just, reasonable, and not unduly discriminatory basis. In that capacity, I oversee the preparation of revenue requirements and cost of service and rate design studies, as well as Cleco Power's load research and sales statistics processes that support those activities. I also coordinate and ensure the timely and accurate filing of certain periodic compliance filings at the Louisiana Public Service Commission ("LPSC" or "Commission"), including Cleco Power's monthly Environmental Adjustment Clause ("EAC") and Fuel Adjustment Clause ("FAC") factors and the annual cost of service, in accordance with Cleco Power's Formula Rate Plan ("FRP"), as approved by the Commission in Order No. U-32779, issued June 27, 2014. I also supervise Cleco Power's integrated resource planning function. More specifically, I was involved in the negotiation of the proposed power sales agreement discussed below.
- 3. In February 1964, the Sabine River Authority of Louisiana and the Sabine River Authority of Texas (collectively, the "Authorities") entered into a 50-year agreement (running from May 1, 1968) with Gulf States Utility Company, Central Louisiana Electric Company, Inc., and Louisiana Power and Light Company for the sale of power generated by the Toledo Bend

hydroelectric facility located on the Sabine River. On April 27, 2015, notice was provided to the Authorities that the other parties to the agreement did not wish for it to be automatically renewed, and the agreement expired on April 30, 2018.

- 4. Before the agreement expired, the Authorities approached Entergy Louisiana, LLC ("ELL") and ultimately proposed and negotiated a new power sales agreement ("PSA"). This proposed PSA is between the Authorities and ELL, Cleco Power, and Southwestern Electric Power Company ("SWEPCO") (collectively, the "Companies"). Under the proposed PSA, which expires on May 31, 2023, the Companies agree to purchase 80 megawatts of must-take, unit-contingent energy from the Toledo Bend hydroelectric facility, along with as-available capacity, capacity-related benefits, and environmental attributes. ELL's portion of the unit capacity and energy is 54%, with CLECO and SWEPCO each taking 23%.
- 5. The proposed PSA would ensure Cleco Power's continued access to a diverse, renewable energy source on terms that are favorable to Cleco Power and its customers. Most notably, the terms of the expired PSA have been changed such that the participating utilities are no longer obligated to operate and maintain the facility or bear the costs of such operation and maintenance. Based on this change and other key changes, the proposed PSA will result in cost savings as compared to the expired PSA.
- 6. To provide certainty on cost recovery, which is important to Cleco Power and its customers, the Companies are requesting in their Joint Application that the Commission declare that all costs associated with the proposed PSA will continue to be recovered through the same mechanism as those similar costs were incurred under the expired PSA, and that the Companies

will make any adjustments necessary to remove from rates costs no longer incurred under the proposed PSA.

J. Robert Cleghorn

Vice President - Regulatory Strategy

Cleco Power LLC

2030 Donahue Ferry Road Pineville, Louisiana 71360

SWORN TO AND SUBSCRIBED BEFORE ME. THIS 7th DAY OF AUGUST, 2018

My commission expires: at death

Applicants' Exhibit 1 in globo October 2018 Page 21 of 23

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

IN RE: JOINT APPLICATION OF)		
ENTERGY LOUISIANA, LLC,)		
CLECO POWER LLC, AND)		
SOUTHWESTERN ELECTRIC)	DOCKET NO. U	
POWER COMPANY FOR)		
APPROVAL OF TOLEDO BEND)		
HYDROELECTRIC POWER)		
SALES AGREEMENT)		

EXHIBIT 5

TESTIMONY AFFIDAVIT BY THOMAS P. BRICE

TESTIMONY BY AFFIDAVIT OF THOMAS P. BRICE

STATE OF LOUISIANA

PARISH OF CADDO

NOW BEFORE ME, the undersigned authority, personally came and appeared **Thomas**P. Brice, who after being duly sworn by me, did depose and say:

- 1. I am a person of the full age of majority and competent to make this affidavit.
- 2. I am employed by Southwestern Electric Power Company (SWEPCO) as the Vice President of Regulatory and Finance. My responsibilities include overseeing SWEPCO's regulatory and financial strategy, the company's budgeting processes and the primary interface with SWEPCO's parent company, American Electric Power, for finance and regulatory activities. In my role as Vice President of Regulatory and Finance, I am responsible for SWEPCO's regulatory matters in Louisiana, Arkansas and Texas. More specifically, I was involved in the negotiation of the proposed power sales agreement discussed below.
- 3. The Sabine River Authority of Louisiana and the Sabine River Authority of Texas (collectively, the "Authorities") Authorities approached SWEPCO regarding participating in a new power sales agreement ("PSA"). This proposed PSA is between the Authorities and ELL, Cleco Power LLC ("CLECO"), and Southwestern Electric Power Company ("SWEPCO") (collectively, the "Companies"). Under the proposed PSA, which expires on May 31, 2023, the Companies agree to purchase 80 megawatts of must-take, unit-contingent energy from the Toledo Bend hydroelectric facility, along with as-available capacity, capacity-related benefits, and environmental attributes. SWEPCO's portion of the unit capacity and energy is 23%, with ELL and CLECO taking the remainder.

- 4. The proposed PSA would ensure SWEPCO's access to a diverse, local renewable energy source while benefiting ratepayers in the region and providing funding for the Toledo Bend Reservoir.
- 5. To provide certainty on cost recovery, which is important to SWEPCO and its customers, the SWEPCO is requesting in their Joint Application that the Commission declare that all costs associated with the proposed PSA be recovered through the SWEPCO's Fuel Adjustment Clause, and that SWEPCO be authorized to allocate and recover all costs associated with the PSA from its Louisiana jurisdictional customers.

Thomas P. Brice

SWORN TO AND SUBSCRIBED BEFORE ME THIS _____ DAY OF AUGUST, 2018

NOTARY PUBLIC

My commission expires: at-dark

JONATHAN P. McCARTNEY
NOTARY PUBLIC NO. 31508
STATE OF LOUISIANA
PARISH OF CADDO
My Commission is for Life

LOUISIANA PUBLIC SERVICE COMMISSION

IN RE: JOINT APPLICATION OF)	
ENTERGY LOUISIANA, LLC,)	
CLECO POWER LLC, AND)	
SOUTHWESTERN ELECTRIC)	DOCKET NO. U-34966
POWER COMPANY FOR)	
APPROVAL OF TOLEDO BEND)	
HYDROELECTRIC POWER)	
SALES AGREEMENT)	*

APPLICANTS' EXHIBIT 2 (in globo)

HIGHLY SENSITIVE PROTECTED MATERIALS FILED UNDER SEAL

> INTENTIONALLY OMITTED

OCTOBER 2018

LOUISIANA PUBLIC SERVICE COMMISSION

IN RE: JOINT APPLICATION OF)))) DOCKET NO. U-34966
ENTERGY LOUISIANA, LLC,)	
CLECO POWER LLC, AND)	
SOUTHWESTERN ELECTRIC)	
POWER COMPANY FOR)	DOCKET NO. 0-34900
APPROVAL OF TOLEDO BEND)	
HYDROELECTRIC POWER)	
SALES AGREEMENT)	

APPLICANTS' AND STAFF JOINT EXHIBIT 1

LOUISIANA PUBLIC SERVICE COMMISSION

IN RE: JOINT APPLICATION OF)	
ENTERGY LOUISIANA, LLC,)	DOCKET NO. U-34966
CLECO POWER LLC, AND)	
SOUTHWESTERN ELECTRIC POWER)	
COMPANY FOR APPROVAL OF)	
TOLEDO BEND)	
HYDROELECTRIC POWER SALES)	
AGREEMENT)	

UNOPPOSED JOINT MOTION FOR ACCEPTANCE INTO THE RECORD OF PROPOSED UNCONTESTED STIPULATED SETTLEMENT IN SUPPORT OF APPLICATION

NOW COMES Entergy Louisiana, LLC ("ELL" or the "Company"); Cleco Power LLC ("CLECO"); Southwestern Electric Power Company ("SWEPCO") (collectively, the "Applicants") and Louisiana Public Service Commission ("LPSC" or "Commission") Staff ("Staff"), through undersigned counsel, who respectfully request that the Hearing Examiner, Chief Administrative Law Judge Melanie Verzwyvelt, accept the Uncontested Stipulated Settlement Term Sheet ("Stipulation"), with supporting documentation as set forth below, into the record of this proceeding and submit same to the Commission for consideration at its October 26, 2018 Business and Executive Session ("B&E"). This filing is being made pursuant to the *Ruling on Joint Prehearing Statement and Unopposed Motion to Revise Procedural Schedule* issued October 8, 2018. In support of this motion, Staff and Applicants submit as follows:

I.

This Commission, having been made aware that the Applicants had entered into the Proposed Power Sales Agreement ("PSA") with the Sabine River Authority of Louisiana and the Sabine River Authority of Texas (collectively, the "Authorities") to replace the previous agreement

which expired April 30, 2018, issued a directive at the August 1, 2018 B&E, directing the Applicants to submit a request on or before August 7, 2018 with all supporting documentation seeking Commission approval of the PSA. The Commission also directed Staff to use best efforts to facilitate an expedited proceeding, outside of the Administrative Hearings Division process, and present the record and evidence to the Commission for a decision at the October 26, 2018 B&E.

II.

On August 7, 2018, Applicants filed their *Joint Application for Approval of Toledo Bend Hydroelectric Power Sales Agreement* and accompanying Direct Testimony and Exhibits ("Joint Application"), pursuant to and in accordance with LPSC General Order dated September 20, 1983 (the "1983 General Order"). The Joint Application was published in the Commission's Official Bulletin No. 1173, dated August 10, 2018. Interventions were filed by the Louisiana Energy Users Group ("LEUG"), Marathon Petroleum Company ("Marathon"), and Packaging Corporation of America ("PCA").

III.

After conducting discovery regarding the Proposed PSA, LPSC Staff and other Parties to this proceeding filed position statements on September 28, 2018 noting that they do not oppose the Applicants' request, with LEUG and PCA each indicating that its non-opposition to the PSA is limited to the facts and circumstances presented in the PSA. Marathon is the only party to this proceeding that did not file a statement of position. However, Marathon has authorized the

LPSC General Order dated September 20, 1983 (In re: In the Matter of the Expansion of Utility Power Plant; Proposed Certification of New Plant by the LPSC), as amended by General Order (Corrected) in Docket No. R-30517 (In re: Possible modifications to the September 20, 1983 General Order to allow (1) for more expeditious certifications of limited-term resource procurements and (2) an exception for annual and seasonal liquidated damages block energy purchases) dated May 27, 2009.

Applicants to state that it supports the Commission's approval of the Proposed PSA. Therefore, no Party opposes the Applicants' request.

IV.

On October 5, 2018, Staff and the Applicants filed a Joint Prehearing Statement and Unopposed Motion to Revise Procedural Schedule, which included a revised schedule allowing for a paper proceeding in lieu of an in-person hearing, in order to comply with the Commission's August 1, 2018 directive. Judge Verzwyvelt acting as Hearing Examiner issued a Ruling on Joint Prehearing Statement and Unopposed Motion to Revise Procedural Schedule on October 8, 2018, granting the motion and revising the procedural schedule to facilitate the presentation of the record and evidence to the Commission for a decision at the October 26, 2018 B&E.

V.

Following additional meetings and discussions regarding Staff's proposed conditions, the Parties subsequently executed the Stipulation, effective October 12, 2018.

VI.

The Applicants and Staff present as the record in support of the Application in this matter the following exhibits that have been stipulated to by all parties to this proceeding:

Joint Application for Approval of Toledo Bend	Applicants' Exhibit 1, in globo
Hydroelectric Power Sales Agreement (Public	
Version)	
Joint Application for Approval of Toledo Bend	Applicants' Exhibit 2, in globo
Hydroelectric Power Sales Agreement	
(Confidential Version)	
Unopposed Joint Motion for	Applicants' and Staff Joint Exhibit 1
Acceptance into the Record of Proposed	the sai
Uncontested Stipulated Settlement in Support	
of Application	
Uncontested Stipulated Settlement Term Sheet	Applicants' and Staff Joint Exhibit 2

Applicants' Stipulation	Affidavits	in	Support	of	Applicants' Exhibit 3, in globo
Position Stat	ements on be	half (of Staff, LE	UG	Applicants' and Staff Joint Exhibit 3
and PCA				3	

WHEREFORE, Entergy Louisiana, LLC, Cleco Power LLC, Southwestern Electric Power Company and Louisiana Public Service Commission Staff, respectfully request that the Hearing Examiner accept the stipulated exhibits listed above as the record in support of the Application in this matter and submit that record to the Commission for consideration at its October 26, 2018 Business and Executive Session, pursuant to the Ruling on Joint Prehearing Statement and Unopposed Motion to Revise Procedural Schedule issued October 8, 2018.

Respectfully submitted,

Lawrence J. Hand, Jr., La. Bar No. 23770 Michael J. Plaisance, La. Bar No. 31288

639 Loyola Avenue Mail Unit L-ENT-26E

New Orleans, Louisiana 70113 Telephone: (504) 576-4122

Facsimile: (504) 576-5579

lhand@entergy.com mplaisa@entergy.com

Counsel for Applicant Entergy Louisiana, LLC

Daniel T. Pancamo, La. Bar No. 19726

Phelps Dunbar, L.L.P.

365 Canal Street, Suite 2000

New Orleans, Louisiana 70130 Telephone: (504) 584-9265

Dan.pancamo@phelps.com

Counsel for Applicant Cleco Power LLC

Bobby S. Gilliam, La. Bar No. 6227

Jonathar P. McCartney, La. Bar No. 31508

Patrick T. Wiggins, La. Bar No. 36727

WILKINSON, CARMODY & GILLIAM

400 Travis Street, Suite 1700

Shreveport, Louisiana 71101

Telephone: (318) 221-4196

Fax: (318) 221-3705

bgilliam@wcglawfirm.com imccartney@wcglawfirm.com

Counsel for Applicant Southwestern Electric Power Company

Melissa Watson (Bar Roll No. 28261)
Deputy General Counsel
Louisiana Public Service Commission
P.O. Box 91154
Baton Rouge, Louisiana 70821-9154
602 North Fifth Street, Galvez Bldg., 12th Fl.
Baton Rouge, Louisiana 70802
Ph. (225) 342-9888
melissa.watson@la.gov

Counsel for Louisiana Public Service Commission

Bobby S. Gilliam, La. Bar No. 6227

Jonathan P. McCartney, La. Bar No. 31508

Patrick T. Wiggins, La. Bar No. 36727

WILKINSON, CARMODY & GILLIAM

400 Travis Street, Suite 1700

Shreveport, Louisiana 71101

Telephone: (318) 221-4196

Fax: (318) 221-3705

bgilliam@weglawfirm.com jmccartney@weglawfirm.com

Counsel for Applicant Southwestern Electric Power Company

Melissa Watson (Bar Roll No. 28261)

Deputy General Counsel

Louisiana Public Service Commission

P.O. Box 91154

Baton Rouge, Louisiana 70821-9154

602 North Fifth Street, Galvez Bldg., 12th Fl.

Baton Rouge, Louisiana 70802

Ph. (225) 342-9888

melissa.watson@la.gov

Counsel for Louisiana Public Service Commission

LOUISIANA PUBLIC SERVICE COMMISSION

IN RE: JOINT APPLICATION OF)	
ENTERGY LOUISIANA, LLC,)	
CLECO POWER LLC, AND	.)	
SOUTHWESTERN ELECTRIC)	DOCKET NO. U-34966
POWER COMPANY FOR)	DOCKET NO. 0-34900
APPROVAL OF TOLEDO BEND)	
HYDROELECTRIC POWER)	
SALES AGREEMENT)	

APPLICANTS' AND STAFF JOINT EXHIBIT 2

LOUISIANA PUBLIC SERVICE COMMISSION

IN RE: JOINT APPLICATION OF)	
ENTERGY LOUISIANA, LLC,)	
CLECO POWER LLC, AND)	
SOUTHWESTERN ELECTRIC POWER)	DOCKETNO U 240//
COMPANY FOR APPROVAL OF)	DOCKET NO. U-34966
TOLEDO BEND)	
HYDROELECTRIC POWER SALES)	
AGREEMENT)	

UNCONTESTED STIPULATED SETTLEMENT TERM SHEET

Entergy Louisiana, LLC ("ELL" or "Company"); Cleco Power LLC ("CLECO"); Southwestern Electric Power Company ("SWEPCO") (collectively, the "Applicants") and the Staff of the Louisiana Public Service Commission ("LPSC" or "the Commission") hereby agree to settle and resolve the captioned matter upon the following terms, which shall be presented to the Commission for approval:

- 1. The proposed power sales agreement ("Proposed PSA") entered into by the Sabine River Authority of Louisiana and the Sabine River Authority of Texas (collectively, the "Authorities") and the Applicants serves the public convenience and necessity and is in the public interest, and is therefore prudent, in accordance with the Commission's 1983 General Order.¹
- 2. The MBM Order does not apply to the Proposed PSA, as no jurisdictional utility would be taking more than 50 MW of capacity from the Toledo Bend hydroelectric facility or, in the alternative, (a) public interest supports granting an exception to the MBM Order, or (b) the

LPSC General Order dated September 20, 1983 (In re: In the Matter of the Expansion of Utility Power Plant; Proposed Certification of New Plant by the LPSC), as amended by General Order (Corrected) in Docket No. R-30517 (In re: Possible modifications to the September 20, 1983 General Order to allow (1) for more expeditious certifications of limited-term resource procurements and (2) an exception for annual and seasonal liquidated damages block energy purchases) dated May 27, 2009.

- 2016 ELL Renewables Request for Proposals is accepted as an alternative market test for the Proposed PSA.
- 3. With respect to the Proposed PSA described in the Joint Application for Approval of Toledo Bend Hydroelectric Power Sales Agreement, the Applicants have complied with, or are not in conflict with, the provisions of all applicable LPSC Orders with respect to approval of the resource.
- 4. All costs for ELL and CLECO associated with the Proposed PSA will continue to be recovered through the same mechanism as those similar costs were incurred under the Expired PSA;² SWEPCO is authorized to recover all costs incurred pursuant to the Proposed PSA through its Fuel Adjustment Clause ("FAC"), and all such costs be recovered from SWEPCO Louisiana jurisdictional customers; and Applicants will make any adjustments necessary to remove from rates costs no longer incurred under the Proposed PSA.
- 5. Any monetary benefits derived from the Proposed PSA as a result of the receipt of capacity-related benefits, energy, other electric products and environmental attributes, or any monetary benefit derived as a result of the renewable nature of the product, shall be passed to Applicants' retail customers via the respective FACs pursuant to each's allocated share under the Proposed PSA.
- 6. The Proposed PSA remains subject to prudence review in subsequent rate and/or fuel clause audit proceedings with respect to the Applicants' obligations to prudently implement

² In February 1964, the Authorities entered into a 50-year agreement (running from May 1, 1968) with Gulf States Utility Company, Central Louisiana Electric Company, Inc., and Louisiana Power and Light Company (predecessors of the Applicants ELL and CLECO) for the sale of power generated by the Toledo Bend hydroelectric facility located on the Sabine River (the "Expired PSA").

Applicants'/Staff Joint Exhibit 2 October 2018 Page 3 of 8

implement and manage the Proposed PSA consistent with the objective of providing reliable service at lowest reasonable cost.

7. Except as may be expressly stated, any Order in this matter shall have no precedential effect in any other proceedings involving issues similar to those resolved herein and shall be without prejudice to the right of any party, Staff or Commission to take any position on any such similar issue in future proceedings, including formula rate plan proceedings, base rate proceedings, or in other regulatory proceedings or appeals therefrom.

Agreed to by the following Parties:
By: Melisia Nation
REPRESENTING
LOUISIANA PUBLIC SERVICE COMMISSION STAFF
By:
REPRESENTING ENTERGY LOUISIANA, LLC
By:
REPRESENTING
CLECO POWER LLC
Ву:
REPRESENTING
SOUTHWESTERN ELECTRIC POWER COMPANY

Applicants'/Staff Joint Exhibit 2 October 2018 Page 4 of 8

and manage the Proposed PSA consistent with the objective of providing reliable service at lowest reasonable cost.

7. Except as may be expressly stated, any Order in this matter shall have no precedential effect in any other proceedings involving issues similar to those resolved herein, including with respect to cost recovery treatment of capacity associated with the resource, and shall be without prejudice to the right of any party, Staff or Commission to take any position on any such similar issue in future proceedings, including formula rate plan proceedings, base rate proceedings, or in other regulatory proceedings or appeals therefrom.

Agreed to by the following Parties:

Dy:
REPRESENTING LOUISIANA PUBLIC SERVICE COMMISSION STAFF
By: By:
REPRESENTING ENTERGY LOUISIANA, LLC
By: Daniel T. Pancaino
REPRESENTING CLECO POWER LLC
Ву:
REPRESENTING

SOUTHWESTERN ELECTRIC POWER COMPANY

Applicants'/Staff Joint Exhibit 2 October 2018 Page 5 of 8

and manage the Proposed PSA consistent with the objective of providing reliable service at lowest reasonable cost.

7. Except as may be expressly stated, any Order in this matter shall have no precedential effect in any other proceedings involving issues similar to those resolved herein, including with respect to cost recovery treatment of capacity associated with the resource, and shall be without prejudice to the right of any party, Staff or Commission to take any position on any such similar issue in future proceedings, including formula rate plan proceedings, base rate proceedings, or in other regulatory proceedings or appeals therefrom.

Ву:
REPRESENTING LOUISIANA PUBLIC SERVICE COMMISSION STAFF
Ву:
REPRESENTING ENTERGY LOUISIANA, LLC
By: Daniel T. Pancamo
REPRESENTING CLECO POWER LLC
By: Bobby S. Bellin
REPRESENTING SOUTHWESTERN ELECTRIC POWER COMPANY

Agreed to by the following Parties:

Applicants'/Staff Joint Exhibit 2 October 2018 Page 6 of 8

The following parties do not oppose the foregoing Uncontested Stipulated Settlement Term Sheet:
By: Kardy lowg
REPRESENTING
LOUISIANA ENERGY USERS GROUP
By:
REPRESENTING
MARATHON PETROLEUM COMPANY
By:
REPRESENTING

PACKAGING CORPORATION OF AMERICA

Applicants Starf
Joint Exhibit 2
October 2018

Page 7 of 8

REPRESENTING LOUISIANA ENERGY USERS GROUP

By: John H. Charranne.

REPRESENTING MARATHON PETROLEUM COMPANY

Ву:______

REPRESENTING PACKAGING CORPORATION OF AMERICA

Applicants'/Staff Joint Exhibit 2 October 2018 Page 8 of 8

The following parties do not oppose the forego	ing Uncontested Stipulated Settlement Term Sheet:
Ву:	
REPRESENTING LOUISIANA ENERGY USERS GROUP	
Ву:	
REPRESENTING MARATHON PETROLEUM COMPANY	
By: C-R.T.	

REPRESENTING

PACKAGING CORPORATION OF AMERICA

LOUISIANA PUBLIC SERVICE COMMISSION

IN RE: JOINT APPLICATION OF)	
ENTERGY LOUISIANA, LLC,)	
CLECO POWER LLC, AND)	
SOUTHWESTERN ELECTRIC)	DOCKET NO. U-34966
POWER COMPANY FOR)	DOCKE1 NO. 0-34700
APPROVAL OF TOLEDO BEND)	
HYDROELECTRIC POWER)	
SALES AGREEMENT)	

APPLICANTS' EXHIBIT 3 (in globo)

OCTOBER 2018

LOUISIANA PUBLIC SERVICE COMMISSION

APPLICATION OF ENTERGY LOUISIANA,)	
LLC FOR APPROVAL OF NATURAL GAS)	
COST STABILIZATION PILOT PROGRAM,)	DOCKET NO. U-34735
TRANSACTION PARAMETERS,)	
AND OTHER RELIEF)	

STATE OF LOUISIANA

PARISH OF JEFFERSON

AFFIDAVIT OF JONATHAN R. BOURG

BEFORE ME, the undersigned authority, personally came and appeared, Jonathan R. Bourg, Director, Regulatory Affairs for Entergy Louisiana, LLC ("ELL" or the "Company"), who after being duly sworn, did depose and state:

1.

I hereby certify that the document attached as the Uncontested Stipulated Settlement Term Sheet is a true and correct copy of the settlement between the Louisiana Public Service Commission ("LPSC" or "Commission") Staff and ELL in the above captioned proceeding.

2.

After extensive review, discovery, negotiations, and collaboration between Commission Staff, Consultants, and ELL, the parties have reached a stipulated settlement that serves the best interests of customers and ELL.

Jonathan R. Hourg

SWORN TO AND SUBSCRIBED BEFORE ME, Notary Public, on this the 11 day of October, 2018.

Lawrence J. Ward By PUBLIC Bar 23770 / Notary 52176 Notary Public in and for the State of Louisiana. My Commission is for Life.

LOUISIANA PUBLIC SERVICE COMMISSION

IN RE: JOINT APPLICATION OF	
ENTERGY LOUISIANA, LLC,)	
CLECO POWER LLC, AND	
SOUTHWESTERN ELECTRIC POWER)	O TI 24066
COMPANY FOR APPROVAL OF) DOCKET N	O. U-34966
TOLEDO BEND)	
HYDROELECTRIC POWER SALES)	
AGREEMENT)	

STATE OF LOUISIANA

PARISH OF RAPIDES

AFFIDAVIT OF J. ROBERT CLEGHORN

BEFORE ME, the undersigned authority, personally came and appeared, J. Robert Cleghorn, Vice President – Regulatory Strategy, for Cleco Power LLC ("Cleco Power" or the "Company"), who after being duly sworn, did depose and state:

I.

I hereby certify that the document attached as the Uncontested Stipulated Settlement Term Sheet ("Stipulation") is a true and correct copy of the settlement between the Louisiana Public Service Commission ("LPSC" or "Commission") Staff and Cleco Power in the above captioned proceeding. I hereby further certify that I have due power and authority to accept the foregoing settlement on behalf of Cleco Power, and to make the representations provided in this Affidavit.

II.

After reviewing the statements of positions filed by LPSC Staff, as well as the Louisiana Energy Users Group and Packaging Corporation of America, Cleco Power accepts the conditions that Staff recommended in its statement of position, which conditions are reflected in the

attached Stipulation. Accordingly, the parties have reached a stipulated settlement that serves the best interests of customers and Cleco Power.

J. Robert Cleghorn

Vice President - Regulatory Strategy

Cleco Power LLC

2030 Donahue Ferry Road

Pineville, LA 71360

SWORN TO AND SUBSCRIBED BEFORE ME, Notary Public, on this the $\underline{12th}$ day of October, 2018.

NOTARY PUBIC

Frances Morrison

(print name)

Notary ID/Bar Roll No.: <u>056962</u> My Commission Expires: <u>at death</u>

LOUISIANA PUBLIC SERVICE COMMISSION

IN RE: JOINT APPLICATION OF)	DOCKET NO. U-34966
ENTERGY LOUISIANA, LLC,)	
CLECO POWER LLC, AND)	
SOUTHWESTERN ELECTRIC POWER)	
COMPANY FOR APPROVAL OF)	
TOLEDO BEND)	
HYDROELECTRIC POWER SALES)	
AGREEMENT) -	

STATE OF LOUISIANA

PARISH OF CADDO

AFFIDAVIT OF THOMAS P. BRICE

BEFORE ME, the undersigned authority, personally came and appeared, Thomas P. Brice, Vice President of Regulatory and Finance for Southwestern Electric Power Company ("SWEPCO" or the "Company"), who after being duly sworn, did depose and state:

I.

I hereby certify that the document attached as the Uncontested Stipulated Settlement Term Sheet ("Stipluation") is a true and correct copy of the settlement between the Louisiana Public Service Commission ("LPSC" or "Commission") Staff and SWEPCO in the above captioned proceeding.

Π.

SWEPCO has reviewed and accepts the terms and conditions of the attached Stipulation.

Accordingly, the parties have reached a stipulated settlement that serves the best interests of customers and SWEPCO.

Applicants' Exhibit 3 in globo October 2018 Page 5 of 5

Thomas P. Brice

SWORN TO AND SUBSCRIBED BEFORE ME, Notary Public, on this the day of October, 2018.

NOTARY PUBLIC

BRETT MATTISON NOTARY PUBLIC, Bossier Parish, Louisiana My Commission is For Life Notary 003863

LOUISIANA PUBLIC SERVICE COMMISSION

IN RE: JOINT APPLICATION OF)	DOCKET NO. U-34966
ENTERGY LOUISIANA, LLC,)	
CLECO POWER LLC, AND)	
SOUTHWESTERN ELECTRIC)	
POWER COMPANY FOR)	
APPROVAL OF TOLEDO BEND)	
HYDROELECTRIC POWER)	
SALES AGREEMENT)	

APPLICANTS' AND STAFF JOINT EXHIBIT 3

Louisiana Public Service Commission



COMMISSIONERS

District II

POST OFFICE BOX 91154 BATON ROUGE, LOUISIANA 70821-9154

www.lpsclouisiana.gov

Eric F. Skrmetta, Chairman
District I
Mike Francis, Vice Chairman
District IV
Foster L. Campbell
District V
Lambert C. Boissiere, III
District III
Craig Greene

Telephone: 225-342-9888

BRANDON M. FREY Executive Secretary Executive Counsel

JOHNNY E. SNELLGROVE, JR Deputy Undersecretary

September 28, 2018

VIA HAND DELIVERY

Ms. Terri Bordelon Louisiana Public Service Commission Records and Recordings 602 N. Fifth Street Galvez Building, 12th Floor Baton Rouge, LA 70802 THE BUBLIS OF AKE COMMISSION

Re:

Docket No. U-34966 Entergy Louisiana, LLC, Cleco Power LLC and

Southwestern Electric Power Company

Dear Ms. Bordelon:

Enclosed please find a Position Statement on behalf of Commission Staff for the above referenced docket.

If you have any questions regarding this matter, please do not hesitate to contact me.

Melissa Watson

Deputy General Counsel

MW/kst Encl.

cc:

Service List

BEFORE THE LOUISIANA PUBLIC SERVICE COMMISSION

DOCKET NO. U-34966



In re: Joint Application for Approval of Toledo Bend Hydroelectric Power Sales Agreement.

POSITION STATEMENT ON BEHALF OF COMMISSION STAFF

Louisiana Public Service Commission Staff ("Staff") submits this Position Statement pursuant to the procedural schedule set forth in the Report of Initial Status Conference issued September 6, 2018 by Chief Administrative Law Judge Verzwyvelt acting as Hearing Examiner in this matter.

I. BACKGROUND AND PROCEDURAL HISTORY

At the Commission's Business and Executive Session held August 1, 2018, the Louisiana Public Service Commission ("LPSC" or "Commission") issued the following unopposed directive at the request of Vice Chairman Francis:

The Toledo Bend Reservoir was created in the 1960s in order to provide power generation, flood control, and recreational activities to residents and visitors of Louisiana and Texas. During that time, this Commission approved a 50-year agreement involving the Toledo Bend hydroelectric facility located on the Sabine River between the Sabine River Authorities of Louisiana and Texas and Cleco, Gulf States Utilities, and Louisiana Power & Light. Although that agreement expired in May of this year, the Sabine River Authorities are selling power to Entergy Louisiana, Cleco, and SWEPCO under a new short-term, interim agreement. I am advised the parties have executed a new agreement not to exceed a five year term that must be submitted to the Commission for approval. I am also advised that on prior occasions the Commission considered modifications to the Toledo Bend agreement without proceeding through the Administrative Hearings Division. Accordingly, I direct Entergy Louisiana, Cleco, and SWEPCO to submit a request with all supporting documentation to the Commission no later than August 7 seeking approval of the contract. Additionally, I direct that the request be noticed in the August 10 bulletin with a ten day intervention period. In lieu of the

Applicants'/Staff Joint Exhibit 3 October 2018 Page 3 of 14

Administrative Hearings Division process, I direct Staff to utilize best efforts to facilitate an expedited proceeding and present the record and evidence to the Commission for a decision at its October 26, 2018 Business & Executive Meeting regarding whether the new agreement regarding the Toledo Bend hydroelectric facility would continue to serve the public interest.¹

Pursuant to the Commission's directive, Entergy Louisiana, LLC ("ELL"), Cleco Power LLC ("Cleco") and Southwestern Electric Power Company ("Swepco") (collectively the "Applicants") filed the Joint Application of Entergy Louisiana, LLC, Cleco Power LLC and Southwestern Electric Power Company for Approval of Toledo Bend Hydroelectric Power Sales Agreement ("Joint Application") on August 7, 2018. Notice of this matter was published in the Commission's Official Bulletin dated August 10, 2018 for a 10-day intervention period. Louisiana Energy Users' Group, Packaging Corporation of America, and Marathon Petroleum Company intervened. Sabine River Authority of Louisiana and Sabine River Authority of Texas are interested parties in this matter. The Hearing Examiner conducted a status conference on September 5, 2018 at which the parties discussed a proposed schedule that was adopted and set forth in the Notice of Initial Status Conference.

II. COMMISSION JURISDICTION

The jurisdiction of the Commission is set forth the Louisiana Constitution, Article IV, Section 21, provide:

The Commission shall regulate all common carriers and public utilities and have such other regulatory authority as provided by law. It shall adopt and enforce reasonable rules, regulations, and procedures necessary for the discharge of its duties, and shall have other powers and perform other duties as provided by law.

¹ Louisiana Public Service Commission Minutes from August 1, 2018 Open Session, Exhibit 18.

Pursuant to its Constitutional authority, the Commission adopted the Commission's General Order dated September 20, 1983 and the General Order (Corrected) dated May 27, 2009 in Docket No. R-30517, which amended the General Order dated September 20, 1983 (hereinafter referred to collectively as the "1983 General Order"). The 1983 General Order requires a utility to obtain the Commission's approval of, among other things, any project to construct or purchase new generating resources, and requires advance certification from the Commission that the proposed project serves the public convenience and necessity:

No electric public utility subject to the jurisdiction of the Commission shall commence any on site construction activity or enter into any contract for construction or conversion of electric generating facilities or contract for the purchase of capacity or electric power, other than emergency or economy powered purchases, as well as the exemption listed in Paragraph 7(a), without first having applied to the Commission for a certification that the public convenience and necessity would be served through completion of such project or confection of such contract. Feasibility and engineering studies, site acquisition and related activities preliminary to a determination of the desirability or need for plant construction or conversion on purchase power contracts are exempted from this requirement.

III. JOINT APPLICATION

The Joint Application requests 1983 General Order certification of the proposed Power Sales Agreement ("Proposed PSA") between Applicants and the Sabine River Authority of Louisiana and the Sabine River Authority of Texas ("Authorities") which own the Toledo Bend hydroelectric facility ("Toledo Bend Project"). Additionally, out of an abundance of caution, Applicants seek an exemption from the Commission's Market-Based Mechanisms General Order, General Order dated October 29, 2008 in Docket No. R-26172, Subdocket C ("MBM Order"), or in the alternative, accept an alternative market test as permitted by the MBM Order. The Proposed PSA replaces a 50-year agreement between Cleco and ELL predecessors which began May 1, 1968 and expired on April 30, 2018 ("Expired PSA"). The Proposed PSA, which expires May 31, 2023, "requires Applicants to purchase 80 MW of must-take, unit-contingent energy from the Toledo

² The Proposed PSA is designated as highly sensitive protected material by Applicants and was filed pursuant to 12.1 of the Commission's Rules of Practice and Procedure as commercially sensitive and confidential.

Applicants'/Staff Joint Exhibit 3 October 2018 Page 5 of 14

Bend [Project], along with as-available capacity, capacity-related benefits, and environmental attributes." Under the Proposed PSA, ELL's share is 54% with Cleco and Swepco each taking

23%.

The Joint Application is supported by the Affidavits of Paul J. Girard, III for ELL; J. Robert

Cleghorn for Cleco; and Thomas Brice for Swepco. The Joint Application and supporting

Affidavits state that the Proposed PSA provides costs savings as opposed to the Expired PSA and

is in the public interest as it would provide "access to a diverse, renewable energy source on terms

that are favorable to customers." Affiant Brice notes that Toledo Bend is a local resource and not

only would it benefit ratepayers in the region, it provides funding for the Toledo Bend Reservoir.⁵

The Proposed PSA eliminates operation and maintenance obligations and expenses that were

required under the Expired PSA. Further, though not selected through a formal RFP process, the

Proposed PSA is "expected to result in a lower dollar per megawatt hour cost" than another

hydroelectric proposal submitted into ELL's 2016 Renewables RFP.⁶ Applicants assert that the

2016 Renewables RFP serves as market test for the Proposed PSA as an alternative to a formal

RFP process. Moreover, that the MBM is altogether inapplicable as each of the Applicant's shares

under the Proposed PSA is less than the 50MW threshold triggering the MBM.

Key specific findings Applicants seek in the Joint Application are as follows:

1. Find that the Proposed PSA serves the public convenience and necessity and is in the public

interest, and is therefore prudent, in accordance with the Commission's 1983 General

Order;

³ Joint Application at 3.

4 Id.; Girard Affidavit at 2; Cleghorn Affidavit at 2.

⁵ Brice Affidavit at 2.

⁶ Joint Application at 3; Girard Affidavit at 2.

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Page 4

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2. Find that the MBM Order does not apply to the Proposed PSA, as no jurisdictional utility would be taking more than 50 MW of capacity from the Toledo Bend hydroelectric facility or, in the alternative, (a) grant an exemption from compliance with the RFP process set forth in the MBM Order, or (b) accept the 2016 ELL Renewables Request for Proposals as

an alternative market test for the Proposed PSA;

3. Declare that (a) all costs for ELL and CLECO associated with the Proposed PSA will continue to be recovered through the same mechanism as those similar costs were incurred under the Expired PSA; (b) SWEPCO is authorized to recover all costs incurred pursuant to the Proposed PSA through its Fuel Adjustment Clause, and all such costs be recovered from SWEPCO Louisiana jurisdictional customers; and (c) Applicants will make any adjustments necessary to remove from rates costs no longer incurred under the Proposed

 Rule that, with respect to the Proposed PSA described in the Joint Application, the Applicants have complied with, or are not in conflict with, the provisions of all applicable LPSC Orders; and

5. Find that the confidential testimony, exhibits, and other materials referenced in the Joint Application shall be exempt from public disclosure pursuant to the Commission's General Order dated August 31, 1992, and Rules 12.1 and 26 of the Rules of Practice and Procedure of the LPSC.

IV. STAFF POSITION

PSA;

Staff has reviewed the Joint Application with exhibits and responses to data requests.

Having considered the information provided therein, the Commission's history in supporting the Expired PSA, as well as Commission Orders approving other renewable resource purchase power

agreements, the Staff recommends that the Commission approve the requests for relief enumerated above subject to the following conditions:

- Any monetary benefits derived from the Proposed PSA as a result of the receipt of capacity-related benefits, energy, other electric products and environmental attributes, or any other monetary benefit derived as a result of the renewable nature of the product, shall be passed to Applicants' retail customers via the respective Fuel Adjustment Clauses ("FACs") pursuant to each's allocated share under the Proposed PSA.
- The Proposed PSA remains subject to prudence review in subsequent rate and/or fuel
 clause audit proceedings with respect to the Applicants' obligations to prudently implement
 and manage the Proposed PDA consistent with the objective of providing reliable service
 at lowest reasonable cost.
- 3. Except as may be expressly stated any Order in this matter shall have no precedential effect in any other proceedings involving issues similar to those resolved herein and shall be without prejudice to the right of any party, Staff or the Commission to take any position on any such similar issue in future proceedings, including FRP proceedings, base rate proceedings or in other regulatory proceedings or appeals therefrom.

Respectfully submitted,

Melissa Watson (Bar Roll No. 28261)

Deputy General Counsel

Louisiana Public Service Commission

P.O. Box 91154

Baton Rouge, Louisiana 70821-9154

602 North Fifth Street, Galvez Bldg., 12th Fl.

Baton Rouge, Louisiana 70802

Ph. (225) 342-9888 melissa.watson@la.gov

CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing has been served upon all parties of record by email, fax or United States Mail, properly addressed and postage prepaid, on this September 28, 2018.

MELISSA WATSON

Service List for U-34966 as of 9/28/2018

Commissioners

Eric Skrmetta, Commissioner
Foster L. Campbell, Commissioner
Lambert C Boissiere III., Commissioner
Mike Francis, Commissioner
Craig Greene, Commissioner

LPSC Staff Counsel

Melissa Watson, Deputy General Counsel

LPSC Staff

Robin Pendergrass, LPSC Auditing Division Donnie Marks, LPSC Utilities Division

Applicant:

Cleco Power LLC

Daniel T. Pancamo
Phelps Dunbar
365 CANAL ST STE 2000
New Orleans, LA 70130-6534
Email(s): dan.pancamo@phelps.com
Fax:(504)568-9130; Telephone 1:(504)584-9265;

J. Robert Cleghorn, Vice President Cleco Power, LLC 2030 DONAHUE FERRY RD Pineville, LA 71360-5226 Email(s): robert.cleghorn@cleco.com Telephone 1:(318)484-7637;

Entergy Louisiana, LLC

Entergy Louisiana, LLC

Lawrence J. Hand Jr.
Entergy Services, Inc.
639 Loyola Avenue
Mail Unit L-ENT-26E
New Orleans, LA 70113
Email(s): lhand@entergy.com
Fax:(504)576-5579; Telephone 1:(504)576-6825;

Mark D. Kleehammer, Vice President
Entergy Services, Inc.
4809 Jefferson Highway
Mail Unit L-JEF-357
Jefferson, LA 70121
Email(s): mkleeha@entergy.com
Fax:(504)840-2681; Telephone 1:(504)840-2528;

Michael J. Plaisance
Entergy Services, Inc.
639 Loyola Avenue
Mail Unit L-ENT-26E
New Orleans, LA 70113
Email(s): mplaisa@entergy.com
Fax:(504)576-5579; Telephone 1:(504)576-4122;

Southwestern Electric Power Company

Bobby S. Gilliam
Wilkinson Carmody & Gilliam
400 Travis Street, Suite 1700
Shreveport, LA 71101
Email(s): bgilliam@wcglawfirm.com
Fax:(318)221-3705; Telephone 1:(318)221-4196;

Emile Cordaro, Manager of Government Affairs AEP 428 Travis Street Shreveport, LA 71101 Email(s): ebcordaro@aep.com Fax:(318)673-3261; Telephone 1:(318)673-3453;

Jonathan P. McCartney
Wilkinson Carmody & Gilliam
400 Travis Street, Suite 1700,
Shreveport, LA 71101
Email(s): jmccartney@wcglawfirm.com
Fax:(318)221-3705; Telephone 1:(318)221-4196;

Intervenor:

Marathon Petroleum Company, LP

John H. Chavanne c/o Chavanne Enterprises 111 West Main Street, Suite 2B PO Box 807 New Roads, LA 70760-8922 Email(s): jchav@bellsouth.net Fax:(225)638-8933; Telephone 1:(225)638-8922;

Marland L. Turner
Marathon Petroleum Company LP
539 South Main Street
Findlay, OH 45840-3295
Email(s): MTurner@MarathonPetroleum.com
Telephone 1:(419)421-3131; Fax:(419)421-8471;

Packaging Corporation of America and Louisiana Energy Users Group

Carrie Tournillon
Kean Miller LLP
909 Poydras Street, Suite 3600
New Orleans, LA 70112
Email(s): carrie.tournillon@keanmiller.com
Fax:(504)585-3051; Telephone 1:(504)585-3050;

Katherine W. King
Kean Miller LLP
400 Convention Street, Suite 700
PO Box 3513
Baton Rouge, LA 70821
Email(s): Katherine.King@keanmiller.com
Fax:(225)388-9133; Telephone 1:(225)387-0999;

Randy Young
Kean Miller, LLP
400 Convention Street, Suite 700
P. O. Box 3513
Baton Rouge, LA 70821-3513
Email(s): randy.young@keanmiller.com
Telephone 1:(225)388-9133; Telephone 1:(225)388-9133;

Interested Party:

Sabine River Authority of Louisiana and the Sabine River Authority of Texas

Interested Party:

Sabine River Authority of Louisiana and the Sabine River Authority of Texas

Kara B. Kantrow
Marionneaux Kantrow, LLC
10101 Siegen Lane
Building 2, Suite A
Baton Rouge, LA 70810
Email(s): kara@mklawla.com
Fax:(225)757-1709; Telephone 1:(225)769-7473;

Kyle C. Marionneaux
Marionneaux Kantrow, LLC
10101 Siegen Lane
Building 2, Suite A
Baton Rouge, LA 70810
Email(s): kyle@mklawla.com
Fax:(225)757-1709; Telephone 1:(225)769-7473;

Nicholas T. LaCour Marionneaux Kantrow, LLC 10101 Siegen Lane, Building 2, Suite A Baton Rouge, LA 70810-4982 Email(s): nick@mklawla.com Fax:(225)767-1709; Telephone 1:(225)769-7473;



RANDY YOUNG, PARTNER 225.382.3451, FAX: 225.388,9133 RANDY, YOUNG@KEANMILLER.COM

September 28, 2018

Ms. Melissa Watson Louisiana Public Service Commission 602 North Fifth Street, 12th Floor Baton Rouge, Louisiana 70802

VIA ELECTRONIC AND U.S. MAIL

RE:

Joint Application for Approval of Toledo Bend Hydroelectric Power

Sales Agreement; LPSC Docket No. U-34966

KM File No. 4388-321

Dear Melissa:

The Louisiana Energy Users Group ("LEUG") has determined that it does not oppose the Toledo Bend renewable resource proposal presented in this proceeding under the facts and circumstances in which it has been presented. LEUG has for many years supported Commission policies and rules that require electric utilities to pursue the lowest reasonable cost of power for the benefit of their customers. Ratepayers in Louisiana benefit from power purchases by electric public utilities that are at or below wholesale market rates. LEUG is opposed to adoption of any Commission policies that require above-market power purchases and maintains all of its rights to review and oppose any and all resource requests and proposals that may be presented to the Commission for approval in future proceedings.

Very truly yours,

Randy Young

JRY/tjh

cc: Official Service List



CARRIE R. TOURNILLON, PARTNER PH 504,585,3056 DIRECT FAX 504,620 3385 CARRIE TOURNILLON@KEANMILLER.COM

September 28, 2018

Ms. Melissa Watson Louisiana Public Service Commission 602 North Fifth Street, 12th Floor Baton Rouge, Louisiana 70802 VIA HAND DELIVERY AND ELECTRONIC MAIL

RE:

Joint Application for Approval of Toledo Bend Hydroelectric Power

Sales Agreement; LPSC Docket No. U-34996

KM File No. 9418-65

Dear Melissa:

We submit this statement of position on behalf of Packaging Corporation of America ("PCA"). PCA has determined that it does not oppose the Toledo Bend renewable resource power supply agreement ("PSA") presented in this proceeding under the facts and circumstances in which it has been presented. However, PCA has concerns with approval of the PSA considering Cleco Power's lack of capacity need. Further, PCA is opposed to adoption of any Commission policies that require above-market power purchases. PCA's decision not to oppose the PSA is based on the facts and circumstances surrounding the proposed PSA, and PCA maintains all of its rights to review and oppose any and all resource requests and proposals that may be presented to the Commission for approval in future proceedings. PCA requests that any order approving the PSA be conditioned on the approval being limited to the facts and circumstances of the PSA and non-precedential for any future PSAs.

Very truly yours,

Carrie R. Tournillon

CRT/

cc: Official Service List

Service List for U-34966 as of 10/12/2018

Commissioners

Eric Skrmetta, Commissioner
Foster L. Campbell, Commissioner
Lambert C Boissiere III., Commissioner
Mike Francis, Commissioner
Craig Greene, Commissioner

LPSC Staff Counsel

Melissa Watson, Deputy General Counsel

LPSC Staff

Robin Pendergrass, LPSC Auditing Division Donnie Marks, LPSC Utilities Division

Applicant:

Cleco Power LLC

Daniel T. Pancamo
Phelps Dunbar
365 CANAL ST STE 2000
New Orleans, LA 70130-6534
Email(s): dan.pancamo@phelps.com
Fax:(504)568-9130; Telephone 1:(504)584-9265;

J. Robert Cleghorn, Vice President Cleco Power, LLC 2030 DONAHUE FERRY RD Pineville, LA 71360-5226 Email(s): robert.cleghorn@cleco.com Telephone 1:(318)484-7637;

Entergy Louisiana, LLC

Entergy Louisiana, LLC

Lawrence J. Hand Jr.
Entergy Services, Inc.
639 Loyola Avenue
Mail Unit L-ENT-26E
New Orleans, LA 70113
Email(s): lhand@entergy.com
Fax:(504)576-5579; Telephone 1:(504)576-6825;

Mark D. Kleehammer, Vice President
Entergy Services, Inc.
4809 Jefferson Highway
Mail Unit L-JEF-357
Jefferson, LA 70121
Email(s): mkleeha@entergy.com
Fax:(504)840-2681; Telephone 1:(504)840-2528;

Michael J. Plaisance
Entergy Services, Inc.
639 Loyola Avenue
Mail Unit L-ENT-26E
New Orleans, LA 70113
Email(s): mplaisa@entergy.com
Fax:(504)576-5579; Telephone 1:(504)576-4122;

Southwestern Electric Power Company

Bobby S. Gilliam
Wilkinson Carmody & Gilliam
400 Travis Street, Suite 1700
Shreveport, LA 71101
Email(s): bgilliam@wcglawfirm.com
Fax:(318)221-3705; Telephone 1:(318)221-4196;

Emile Cordaro, Manager of Government Affairs AEP 428 Travis Street Shreveport, LA 71101 Email(s): ebcordaro@aep.com Fax:(318)673-3261; Telephone 1:(318)673-3453;

Jonathan P. McCartney
Wilkinson Carmody & Gilliam
400 Travis Street, Suite 1700,
Shreveport, LA 71101
Email(s): jmccartney@wcglawfirm.com
Fax:(318)221-3705; Telephone 1:(318)221-4196;

Intervenor:

Marathon Petroleum Company, LP

John H. Chavanne

c/o Chavanne Enterprises

111 West Main Street, Suite 2B

PO Box 807

New Roads, LA 70760-8922 Email(s): jchav@bellsouth.net

Fax:(225)638-8933; Telephone 1:(225)638-8922;

Marland L. Turner

Marathon Petroleum Company LP

539 South Main Street

Findlay, OH 45840-3295

Email(s): MTurner@MarathonPetroleum.com

Telephone 1:(419)421-3131; Fax:(419)421-8471;

Packaging Corporation of America and Louisiana Energy Users Group

Carrie Tournillon

Kean Miller LLP

909 Poydras Street, Suite 3600

New Orleans, LA 70112

Email(s): carrie.tournillon@keanmiller.com

Fax:(504)585-3051; Telephone 1:(504)585-3050;

Katherine W. King

Kean Miller LLP

400 Convention Street, Suite 700

PO Box 3513

Baton Rouge, LA 70821

Email(s): Katherine.King@keanmiller.com

Fax:(225)388-9133; Telephone 1:(225)387-0999;

Randy Young

Kean Miller, LLP

400 Convention Street, Suite 700

P.O. Box 3513

Baton Rouge, LA 70821-3513

Email(s): randy.young@keanmiller.com

Telephone 1:(225)388-9133; Telephone 1:(225)388-9133;

Interested Party:

Sabine River Authority of Louisiana and the Sabine River Authority of Texas

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Sabine River Authority of Louisiana and the Sabine River Authority of Texas

Kara B. Kantrow
Marionneaux Kantrow, LLC
10101 Siegen Lane, Building 2, Suite A
Baton Rouge, LA 70810
Email(s): kara@mklawla.com
Fax:(225)757-1709; Telephone 1:(225)769-7473;

Kyle C. Marionneaux Marionneaux Kantrow, LLC 10101 Siegen Lane, Building 2, Suite A Baton Rouge, LA 70810 Email(s): kyle@mklawla.com Fax:(225)757-1709; Telephone 1:(225)769-7473;

Nicholas T. LaCour Marionneaux Kantrow, LLC 10101 Siegen Lane, Building 2, Suite A Baton Rouge, LA 70810-4982 Email(s): nick@mklawla.com Fax:(225)767-1709; Telephone 1:(225)769-7473;